

**CITY OF CLIVE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2009**

# CITY OF CLIVE

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## CITY OF CLIVE

### CITY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Les Aasheim.....	Mayor.....	Dec 2009
John Edwards.....	Council Member.....	Dec 2011
Paul Leighton.....	Council Member.....	Dec 2009
Ronni Begleiter. ....	Council Member.....	Dec 2009
Scott Cirksema. ....	Council Member.....	Dec 2011
Steven Brody. ....	Council Member.....	Dec 2011
Dennis Henderson. ....	Manager. ....	Indefinite
Pamela Blessman.....	Clerk/Treasurer. ....	Indefinite
James Wine. ....	Attorney. ....	Indefinite
Jill Stevenson.....	Assistant Attorney. ....	Indefinite
Hannah Rogers.....	Prosecutor.....	Indefinite



## MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
4949 Pleasant Street, Suite 104  
West Des Moines, Iowa 50266

(515)-223-4841  
FAX: (515)-223-0851

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clive's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive at June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2010 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Clive's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 7 including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
January 4, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Clive provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The City's governmental activities' receipts decreased 36%, or approximately \$10,647,000, from fiscal year 2008 (FY08). Property tax increased approximately \$1,062,000 and bond proceeds decreased \$9,885,000.
- Disbursements of the City's governmental activities decreased 11.5%, or approximately \$3,308,000, from FY08. Public works, Public safety and Culture and recreation disbursements increased approximately \$174,000, \$137,000 and \$410,000, respectively.
- The City's total cash basis net assets at June 30, 2009 decreased 15.5%, or approximately \$3,953,000, from June 30, 2008. Of this amount, the assets of the governmental activities decreased \$4,150,000 and the assets of the business type activities increased by approximately \$197,000.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a statement of activities and net assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other supplementary information provides detail in information about the nonmajor governmental and proprietary funds, and the Schedule of Capital Projects provides information about the various projects of the City. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the City.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The fund financial statements begin on page 12 and provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information which include the water and sewer funds, considered to be major funds of the City. Internal Service

Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$22.23 million to \$18.08 million. The analysis that follows focuses on the changes in cash balances.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 2,524	\$ 2,453
Operating grants, contributions and restricted interest	1,361	1,343
Capital grants, contributions and restricted interest	808	1,468
General receipts:		
Property tax	13,231	12,169
Other City taxes	852	950
Unrestricted investment earnings	88	236
Bond proceeds	-	9,885
Other general receipts	372	1,377
Total receipts	19,236	29,881
Disbursements:		
Public safety	5,179	5,042
Public works	2,358	2,184
Health and social services	13	6
Culture and recreation	3,383	2,973
Community and economic development	2,760	2,608
General government	2,071	2,012
Debt service	4,786	7,343
Capital projects	4,977	6,667
Total disbursements	25,527	28,835
Change in cash basis net assets before transfers	(6,291)	1,046
Transfers, net	2,141	1,824
Change in cash basis net assets	(4,150)	2,870
Cash basis net assets beginning of year	22,233	19,363
Cash basis net assets end of year	\$ 18,083	\$ 22,233



The City's total receipts for governmental activities decreased by 36 percent (\$10,647,000). The total cost of all programs and services decreased by approximately \$3,308,000 or 11.5 percent with no new programs added this year. The decrease in receipts was primarily due to a decrease in general obligation bonds issued (\$9,885,000).

Based on increases in the total assessed valuation and expanded tax increment finance districts, property tax receipts are budgeted to increase by an estimated \$33,000 next year.

The cost of all governmental activities this year was \$25.53 million compared to \$28.84 million last year. However, as shown in the statement of activities and net assets on page 12, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$20.83 million because some of the cost was paid by those directly benefited from the programs (\$2,524,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2,170,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, decreased in 2009 from approximately \$5,264,000 to approximately \$4,694,000, principally due to a decrease in capital grants, contributions and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$14,083,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,934	\$ 2,956
Sewer	2,130	1,709
Other	514	407
Operating grants, contributions and restricted interest	-	115
General receipts:		
Interest on investments	-	6
Other general receipts	44	315
Total receipts	<u>5,622</u>	<u>5,508</u>
Disbursements:		
Water	1,515	1,880
Sewer	1,538	1,428
Other	231	248
Total disbursements	<u>3,284</u>	<u>3,556</u>
Change in cash basis net assets, before transfers	2,338	1,952
Transfers, net	<u>(2,141)</u>	<u>(1,824)</u>
Change in cash basis net assets	197	128
Cash basis net assets beginning of year	<u>3,300</u>	<u>3,172</u>
Cash basis net assets end of year	<u>\$ 3,497</u>	<u>\$ 3,300</u>

Total business type activities receipts for the fiscal year were \$5.622 million compared to \$5.508 million last year. This increase was due primarily to increased fees collected for services. The cash balance increased by approximately \$197,000 from the prior year. Total disbursements for the fiscal year decreased by approximately 7.6 percent to a total of \$3.284 million because the City decreased costs of the water activity, due to decreased payments to the Des Moines Water Works.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Clive completed the year, its governmental funds reported a combined fund balance of approximately \$17,778,000, a decrease of approximately \$4,128,000 below last year's total of approximately \$21,906,000. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,241,634, a decrease of approximately \$184,730 from the prior year. Most of this decrease was due to increased operating costs.
- The Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's TIF districts. At the end of the fiscal year, the cash balance was \$2,510,549, an increase of \$58,181 from the previous year. The increase was the result of an increase in tax collections. These proceeds will be used for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance decreased by \$9,154 to \$115,415. This decrease was due to a decrease in interest earnings. Bond principal and interest payments decreased by \$2,279,000 due to the recall and payoff of bond issues in the prior fiscal year.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the cash balance was \$11,587,971, a decrease of \$3,896,137 from the prior year. The payments on projects financed from prior bond issues accounted for the decrease.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The cash balance of the Sewer Fund increased by \$319,036 to \$1,914,072 due primarily to increased receipts from neighboring cities for shared usage.

The cash balance of the Water Fund increased by \$313,021 to \$899,034 due primarily to decreased water sold.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on May 21, 2009 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$21,671 more than budgeted. This was primarily due to the City receiving more in tax increment financing collections than anticipated, even after the amendments.

Even with the budget amendments, total disbursements were \$12,117,419 less than the amended budget. The actual disbursements for the public safety, public works and general government were \$190,095, \$438,398 and \$342,242, respectively, less than the amended budget. The capital projects function was \$11,156,327 under budget. This was primarily due to projects not progressing as originally budgeted.

The City exceeded the amounts budgeted in the community and economic development and debt service functions for the year ended June 30, 2009 due to engineering services not budgeted and debt payments on the June, 2008 bond issue.

## DEBT ADMINISTRATION

At year-end, the City had \$42,784,500 in bonds and other long-term debt compared to \$45,843,434 last year as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2009	2008
General obligation bonds	\$ 42,620	\$ 45,625
Loans	165	218
Total	<u>\$ 42,785</u>	<u>\$ 45,843</u>

Debt decreased as a result of regular payments on bond issues.

The City's general obligation bond rating continues to carry an Aa2 rating, a rating that has been assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$42.79 million along with developer rebate agreements of \$19.06 million and other debt subject to the limit of \$0.18 million are well below the City's \$84.8 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 4 and 5 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2009 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 2000 census is estimated at 12.90%. Unemployment in the greater Des Moines area stands at 5.5 percent. This compares with the state unemployment rate of 6.5 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for July 2009 was 215.35. For the 12 month period that ended in July 2009, the CPI-U decreased 2.1 percent.

These indicators were taken into account when adopting the budget for 2010. Total receipts are expected to increase 6.13 percent. Budgeted disbursements are expected to decrease by approximately \$857,000.

If these estimates are realized, the City's budgeted cash balance is expected to decrease about 3.618 million by the close of fiscal year 2010.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Blessman, City Clerk, Clive, Iowa 50325.

## **Basic Financial Statements**

CITY OF CLIVE

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Program Receipts			Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 5,179,087	\$ 727,136	\$ 90	\$ -	\$(4,451,861)	\$ -	\$ (4,451,861)
Public works	2,357,353	629,475	1,171,948	-	(555,930)	-	(555,930)
Health and social services	13,422	-	-	-	(13,422)	-	(13,422)
Culture and recreation	3,383,011	752,585	68,615	-	(2,561,811)	-	(2,561,811)
Community and economic development	2,760,221	338,260	-	-	(2,421,961)	-	(2,421,961)
General government	2,071,307	76,983	120,377	-	(1,873,947)	-	(1,873,947)
Debt service	4,785,709	-	-	-	(4,785,709)	-	(4,785,709)
Capital projects	4,976,673	-	-	808,473	(4,168,200)	-	(4,168,200)
Total governmental activities	25,526,783	2,524,439	1,361,030	808,473	(20,832,841)	-	(20,832,841)
Business type activities:							
Water	1,514,971	2,933,853	-	-	-	1,418,882	1,418,882
Sewer	1,538,392	2,130,428	-	-	-	592,036	592,036
Other	230,534	513,770	-	-	-	283,236	283,236
Total business type activities	3,283,897	5,578,051	-	-	-	2,294,154	2,294,154
Total	\$28,810,680	\$8,102,490	\$1,361,030	\$ 808,473	(20,832,841)	2,294,154	(18,538,687)
General receipts:							
Property tax levied for:							
General purposes					7,950,967	-	7,950,967
Debt service					1,927,672	-	1,927,672
Tax increment financing					3,352,396	-	3,352,396
Hotel/motel tax					852,151	-	852,151
Unrestricted investment earnings					87,749	-	87,749
Miscellaneous					352,226	44,247	396,473
Sale of capital assets					17,881	-	17,881
Transfers					2,141,274	(2,141,274)	-
Total general receipts and transfers					16,682,316	(2,097,027)	14,585,289
Change in cash basis net assets					(4,150,525)	197,127	(3,953,398)
Cash basis net assets beginning of year					22,233,192	3,299,675	25,532,867
Cash basis net assets end of year					\$18,082,667	\$ 3,496,802	\$ 21,579,469
<b>Cash Basis Net Assets</b>							
Restricted:							
Streets					\$ 260,171	\$ -	\$ 260,171
Urban renewal purposes					2,510,549	-	2,510,549
Debt service					115,414	-	115,414
Other purposes					11,954,899	683,696	12,638,595
Unrestricted					3,241,634	2,813,106	6,054,740
Total cash basis net assets					\$18,082,667	\$ 3,496,802	\$ 21,579,469

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2009

	<u>Special Revenue</u>					
	General	Urban Renewal Tax Increment	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
Receipts:						
Property tax	\$ 7,950,967	\$ -	\$1,927,672	\$ -	\$ -	\$ 9,878,639
Tax increment financing	-	3,352,396	-	-	-	3,352,396
Other City tax	1,022,475	-	-	-	-	1,022,475
Licenses and permits	386,665	-	-	-	-	386,665
Uses of money and property	86,958	-	12,201	200,335	-	299,494
Intergovernmental	134,881	-	-	428,369	1,171,948	1,735,198
Charges for service	2,006,195	-	-	-	-	2,006,195
Special assessments	-	-	-	17,218	-	17,218
Miscellaneous	333,979	-	-	162,552	22,293	518,824
Total receipts	11,922,120	3,352,396	1,939,873	808,474	1,194,241	19,217,104
Disbursements:						
Operating:						
Public safety	5,171,785	-	-	-	7,302	5,179,087
Public works	1,186,984	-	-	-	1,170,369	2,357,353
Health and social services	13,422	-	-	-	-	13,422
Culture and recreation	3,374,998	-	-	-	8,013	3,383,011
Community and economic development	939,227	1,820,994	-	-	-	2,760,221
General government	2,071,307	-	-	-	-	2,071,307
Debt service	-	1,248,707	3,537,002	-	-	4,785,709
Capital projects	-	-	-	4,976,673	-	4,976,673
Total disbursements	12,757,723	3,069,701	3,537,002	4,976,673	1,185,684	25,526,783
Excess (deficiency) of receipts over (under) disbursements	(835,603)	282,695	(1,597,129)	(4,168,199)	8,557	(6,309,679)
Other financing sources (uses):						
Sale of assets	17,881	-	-	-	-	17,881
Operating transfers in	988,645	486	1,587,975	299,652	-	2,876,758
Operating transfers (out)	(355,653)	(225,000)	-	(27,590)	(105,000)	(713,243)
Total other financing sources (uses)	650,873	(224,514)	1,587,975	272,062	(105,000)	2,181,396
Net change in cash balances	(184,730)	58,181	(9,154)	(3,896,137)	(96,443)	(4,128,283)
Cash balances beginning of year	3,426,364	2,452,368	124,569	15,484,108	418,588	21,905,997
Cash balances end of year	\$ 3,241,634	\$ 2,510,549	\$ 115,415	\$11,587,971	\$ 322,145	\$17,777,714
<b>Cash Basis Fund Balances</b>						
Reserved:						
Debt service	\$ -	\$ -	\$ 115,415	\$ -	\$ -	\$ 115,415
Unreserved:						
General fund	3,241,634	-	-	-	-	3,241,634
Special revenue funds	-	2,510,549	-	-	322,145	2,832,694
Capital projects fund	-	-	-	11,587,971	-	11,587,971
Total cash basis fund balances	\$ 3,241,634	\$ 2,510,549	\$ 115,415	\$11,587,971	\$ 322,145	\$17,777,714

See notes to financial statements.

## CITY OF CLIVE

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
*Governmental Funds*

As of and for the year ended June 30, 2009

**Total governmental funds cash balances (page 13)** \$17,777,714

*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

304,953

**Cash basis net assets of governmental activities (page 12)**

\$18,082,667

**Net change in cash balances (page 13)**

\$ (4,128,284)

*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities.

(22,241)

**Change in cash balance of governmental activities (page 12)**

\$(4,150,525)

See notes to financial statements.



## CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
*Proprietary Funds*

As of and for the year ended June 30, 2009

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Nonmajor Enterprise Funds	Total	Equipment Replacement
Operating receipts:					
Charges for service	\$2,933,853	\$2,130,428	\$513,770	\$5,578,051	\$ -
Total operating receipts	2,933,853	2,130,428	513,770	5,578,051	-
Operating disbursements:					
Business type activities	1,514,971	1,538,392	230,534	3,283,897	-
Total operating disbursements	1,514,971	1,538,392	230,534	3,283,897	-
Excess of operating receipts over operating disbursements	1,418,882	592,036	283,236	2,294,154	-
Non-operating receipts:					
Miscellaneous	39,371	-	4,876	44,247	-
Net non-operating receipts	39,371	-	4,876	44,247	-
Excess of receipts over disbursements	1,458,253	592,036	288,112	2,338,401	-
Transfers					
Operating transfers in	-	-	-	-	748,903
Operating transfers out	(1,771,274)	(273,000)	(97,000)	(2,141,274)	(771,144)
Net transfers	(1,771,274)	(273,000)	(97,000)	(2,141,274)	(22,241)
Net change in cash balances	(313,021)	319,036	191,112	197,127	(22,241)
Cash balances beginning of year	1,212,055	1,595,036	492,584	3,299,675	327,194
Cash balances end of year	\$ 899,034	\$1,914,072	\$683,696	\$3,496,802	\$ 304,953
<b>Cash Basis Fund Balances</b>					
Unreserved	\$ 899,034	\$1,914,072	\$683,696	\$3,496,802	\$ 304,953
Total cash basis fund balances	\$ 899,034	\$1,914,072	\$683,696	\$3,496,802	\$ 304,953

See notes to financial statements.

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**CITY OF CLIVE****Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
*Fiduciary Funds*

Year ended June 30, 2009

	<u>Cash Bond</u>
Additions:	\$ -
Deductions:	<u>-</u>
Net change in cash balance	-
Cash balance beginning of year	<u>6,100</u>
Cash balance end of year, held for contractor bonds paid	<u><u>\$ 6,100</u></u>

See notes to financial statements.

# CITY OF CLIVE

## Notes to Financial Statements

June 30, 2009

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, the City of Clive has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Clive has no component units which meet the Governmental Accounting Standards Board criteria.

#### Jointly Governed Organization

The City also participates in several jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the (Note 13) The Des Moines Metro Waste Authority, the Des Moines Area Regional Transit Authority, the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 5), the Metropolitan Planning Organization, the Convention Visitors Bureau, Bravo Greater Des Moines, Inc. and the E911 Service Board.

#### Joint Ventures

The city participates in a joint venture that provide goods or services to the citizenry of the City and meet the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint venture: the Wastewater Reclamation Authority (Note 4).

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds, respectively.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

##### Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### B. Basis of Presentation - Continued

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis. This is composed of the Equipment Replacement Fund. This proprietary fund is reported with governmental activities in the government wide statements.

##### C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Enterprise funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principle Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements and which apply to the comprehensive basis of accounting used.

##### D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the Debt Service and Community and Economic Development functions.

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2009

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### E. Property Taxes

All City property taxes must be certified to the Polk or Dallas County Auditors on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. Property taxes are levied in June and attached as an enforceable lien on the property on July 1.

Property taxes levied for the year ending June 30, 2009, attached as an enforceable lien on July 1, 2008, with the first half installment being delinquent after September 30, 2008 and the second half installment being delinquent after March 31, 2009.

### (2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the City had \$11,198,232 in a public funds money market account.

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$7,012,336 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The City's investment in the Iowa Public Agency Investment Trust is unrated.

### (3) BONDS AND NOTES PAYABLE

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2009:

	Balance June 30, 2008	Issued	Redeemed	Balance June 30, 2009
Governmental Activities				
General obligation bonds	\$45,625,000	\$ -	\$ 3,005,000	\$ 42,620,000
Loans	218,434	-	53,934	164,500
	<u>\$ 45,843,434</u>	<u>\$ -</u>	<u>\$ 3,058,934</u>	<u>\$ 42,784,500</u>

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### (3) BONDS AND NOTES PAYABLE - CONTINUED

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2010	\$ 3,355,000	\$ 1,648,226
2011	3,495,000	1,532,905
2012	3,405,000	1,412,371
2013	3,795,000	1,286,944
2014	3,920,000	1,148,891
2015-2019	18,495,000	3,532,496
2020-2024	6,155,000	489,528
Total	<u>\$42,620,000</u>	<u>\$11,051,361</u>

The City paid \$1,776,800 in interest on debt obligations for the year ended June 30, 2009. Total principal paid on debt for the year ended June 30, 2009 was \$3,058,934. Interest rates on debts range from 2.30% to 5.00%.

#### Iowa Department of Management Loan

The City along with the City of Urbandale and City of West Des Moines entered into a loan agreement with the Iowa Department of Management. The cities received a local government innovation fund loan for the purpose of the development and implementation of a system to conduct emergency services training in one location while having training viewed simultaneously and via video recording. The total loan award was for \$100,000 with the City of Clive's portion representing one-third (1/3) or \$33,333. The loan carries a 2% interest rate. The loan was paid in full on May 1, 2009.

#### Capital Lease

The City entered into a 28E agreement with several other metro cities and the Metro Waste Authority for the lease purchase of a metropolitan salt storage facility. The agreements call for each city to pay its proportionate share (approximately 45%) of said costs based on each city's allocated salt storage capacity. The cities cannot withdraw from the agreement before June 30, 2013. Withdrawal after June 30, 2013 causes the City to forfeit all rights, title, ownership and interest in the shared building. The City's total costs for the construction are not to exceed \$67,193. No amounts had been paid by the City for the construction of the building as of June 30, 2009.

#### (4) JOINT VENTURES AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### **(4) JOINT VENTURES AND COMMITMENTS - CONTINUED**

Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

As part of the Agreement, the WRA issued debt to advance refund the sewer revenue refunding bond Series 1997C and 2002D and the state revolving loans SRF2 and SRF3 of the City of Des Moines. In addition, state revolving loans SRF4, SRF6 and SRF7 were reassigned from the City of Des Moines to the WRA. The City of Clive had previously entered into various financing agreements with the City of Des Moines to provide for the City of Clive's share of capital contributions for the construction and ongoing expansion of the WRA. The issuance of the debt by the WRA to advance refund and reassign previously issued City of Des Moines debt removes the City of Clive's previous liability to the City of Des Moines.

The City of Clive retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B, 2006 and the 2008 and 2009 State Revolving Loan Funds include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Agreement requires the debt service on the Series 2004A bonds to be allocated using the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$9,665,000 as of June 30, 2009. The City of Clive has a commitment for approximately \$41,676, or 0.4%, for future principal payment requirements on that debt. The WRA Sewer Revenue Bonds Series 2004B and 2006 bonds and the State Revolving Loan Funds (SAF) were issued for capital expansion. The WRA Agreement requires the debt service on these bonds and loans to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2009, the Series 2004B bonds had a balance of \$63,580,000 and the City of Clive's estimated future allocated based on the WRA flows is currently \$3,133,222, or 4.43%. As of June 30, 2009, the Series 2006 bonds had a balance of \$37,325,000 and the City of Clive's estimated future allocation based on the WRA Flows is currently \$1,667,761 or 4.47%. As of June 30, 2009 the 2008 and 2009 State Revolving Loans had a balance of \$32,967,199 and the City of Clive's estimated future allocation based on the WRA flows is currently \$1,568,198 or 4.76%. The State Revolving Loans that existed prior to the 2004 agreement are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2009, the WRA had \$9,692,000 in outstanding pre 2004 State Revolving Loans, of which \$317,338 of future principal debt service is a commitment of the City of Clive.



## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### (4) JOINT VENTURE AND COMMITMENTS - CONTINUED

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2009 the City paid the WRA \$922,109 for operations, maintenance, equipment replacement and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

##### WRA Facility Cost Reimbursement Agreement

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plant and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2009, the City of Clive received reimbursement of \$0 for that period.

The City and the Urbandale Windsor Heights Sanitary (UWHD) District are part of the WRA. UWHD has agreed to assume responsibility for the payment of \$2,000,000 of the City of Clive's obligation for the Southwest Diversion Project costs, with payments to be made in ten annual payments of \$200,000. During the fiscal year ended June 30, 2009, the City of Clive received \$400,000 from the UWHD, representing the first two payments under the agreement.

#### (5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.

To date, \$2,000,000 worth of bonds have been issued by the City of West Des Moines. The City of Clive will annually pay forty-seven percent of the bonds and interest due.

The future maturities of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 47,000	\$ 5,984	\$ 52,984
2011	47,000	4,143	51,143
2012	47,000	2,302	49,302
2013	23,500	460	23,960
Total	<u>\$ 164,500</u>	<u>\$ 12,889</u>	<u>\$ 177,389</u>

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### **(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY - CONTINUED**

During the year ended June 30, 2009, the City paid \$47,000 and \$7,825 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2009, these costs totaled \$390,970.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

#### **(6) PENSION AND RETIREMENT SYSTEMS**

##### Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.35% of earnable compensation and the City's required contribution rate was 18.75% of earnable compensation for the year ended June 30, 2009. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2009, 2008 and 2007 were \$253,241, \$336,832 and \$338,264, respectively, which met the required minimum contribution for each year.

##### IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$343,431, \$310,690, and \$282,480, respectively, equal to the required contributions for each year.

##### DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of participants (or

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### **(6) PENSION AND RETIREMENT SYSTEMS - CONTINUED**

their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to plan nor investment advice for the plan.

#### **(7) COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation, sick and other hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick time, comp time and fluctuating holiday termination payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$224,788
Sick	128,342
Other	56,644

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 360 hours. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2009

#### **(8) INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City has issued a total of \$5,000,000 of industrial development revenue bonds for Salisbury House under the provisions of Chapter 419 of the Code of Iowa, of which \$5,000,000 is outstanding at June 30, 2009. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

#### **(9) DEVELOPMENT AGREEMENTS**

The City has entered into various development agreements for urban renewal projects. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$1,811,455 were made during the year ended June 30, 2009 under these agreements. Estimated amounts to be paid in future years on development agreements totaled \$19.06 million.

#### **(10) CONSTRUCTION CONTRACTS**

The City has entered into various construction contracts totaling approximately \$8,389,000. The unpaid contract balances as of June 30, 2009 totaled approximately \$3,581,000 which will be paid as work on the projects progresses.

#### **(11) RISK MANAGEMENT**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### **(11) RISK MANAGEMENT - CONTINUED**

in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2009 were \$200,304.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions, however, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(11) RISK MANAGEMENT - CONTINUED**

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(12) COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA)**

A CEBA loan has been made by the Iowa Department of Economic Development (IDED) to a local business. The funds to repay the loan come from the business recipient. The loan is required to be presented as the City's long-term debt, but the City will not be liable for it if they make a reasonable attempt to collect from the business involved upon default.

De Waay Capital Management: A \$75,000 loan with a zero percent per annum interest rate for five years ending September 1, 2010 and a \$75,000 forgivable loan with a six percent per annum interest rate with no payments for the three years ending May 19, 2008. Amounts are forgiven based on a formula for each new FTE job created/retained and maintained for at least ninety days past the project completion date. Monthly payments are receivable for five years from the business and payable to the Iowa Department of Economic Development for the loan which has a balance of \$93,750 as of June 30, 2009.

#### **(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS**

##### **(a) METRO WASTE AUTHORITY**

The City, in conjunction with various other municipalities, has created the Metro Waste Authority. The Organization was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Organization will be prorated among the municipalities. The Organization is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2009, the City paid \$0 to the Metro Waste Authority.

##### **(b) STADIUM AGREEMENT**

A 28E agreement was signed between the Cities of Urbandale, Des Moines, West Des Moines, Windsor Heights, Clive, Johnston, Ankeny, and Altoona, and the County of Polk to assist the City of Des Moines in financing the reconstruction and renovation of the formerly named Sec Taylor Stadium. The City of Des Moines issued \$8,710,000 of bonds to finance this project. The City of Des Moines pays the principal and interest on \$7,960,000 of the bonds and the principal and interest on the remaining \$750,000 of bonds is paid by the participating entities. The share paid by these other participating entities is based upon their proportion of hotel/motel tax revenues to the total of all hotel/motel tax revenues of the participating entities. The City of Clive's share of the principal and interest on the bonds was \$18,782 for the fiscal year ended June 30, 2009.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS - CONTINUED**

##### **(c) CONVENTION VISITORS BUREAU (CVB)**

An agreement was entered into by the Cities of Clive, various other metro area cities, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2009, the City of Clive remitted \$300,006 to the CVB.

##### **(d) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)**

The City, in conjunction with three counties and various other metro cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$8,475 for its portion of the services during the year ended June 30, 2009.

##### **(e) METRO HOME IMPROVEMENT PROGRAM**

An agreement was entered into by the cities of Clive, Altoona, Ankeny, Grimes, Johnston, Pleasant Hill, Urbandale, West Des Moines and Windsor Heights to share certain costs for the operation of a housing rehabilitation program within their respective communities. The City of West Des Moines is the coordinating agency for the program. During the fiscal year ended June 30, 2009, the City paid \$4,267 for its share of costs.

##### **(f) WESTCOM**

An agreement was entered into by the cities of Clive, Urbandale and West Des Moines to share certain costs for a consolidated dispatch unit for police, fire and emergency medical services. The City of West Des Moines is the coordinating agency for the program during the fiscal year ended June 30, 2009. The City paid \$350,615 for its share of costs.

#### **(14) LEASES**

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current monthly rate as adjusted by the Consumer Price Index. Current monthly payments are \$482.64.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$5,808.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$11,903 upon the automatic renewal occurring in October, 2006.

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2009

### (14) LEASES - CONTINUED

Future minimum lease collections are as follows:

2010	\$ 17,694
2011	17,694
2012	9,759

### (15) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds were originally to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. On September 22, 2005, this agreement was amended to decrease the annual payments and extend the period of payment through 2019. Payments totaling \$31,250 were paid during the year ended June 30, 2009.

### (16) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 25,000
	Urban Renewal Tax Increment	125,000
	Internal Service	771,144
	Enterprise:	
	Water	18,500
	Sewer	24,000
	Storm Sewer	25,000
		<u>988,644</u>
Special Revenue:		
TIF Debt Service	Capital Projects	<u>486</u>
Debt Service	Capital Projects	7,201
	Enterprise:	
	Water	<u>1,580,774</u>
		<u>1,587,975</u>
Capital Projects	General	30,653
	Enterprise:	
	Water	100,000
	Sewer	<u>169,000</u>
		<u>299,653</u>

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2009

#### (16) INTERFUND TRANSFERS - CONTINUED

Internal Service	General	325,000
	Special Revenue:	
	Road Use	80,000
	Urban Renewal Tax Increment	100,000
	Capital Projects	19,903
	Enterprise	
	Water	72,000
	Sewer	80,000
	Storm Water	72,000
		<u>748,903</u>
Total		<u>\$ 3,625,661</u>

Transfers generally move resources from the fund required to collect the resources to the fund statutorily required to disburse the resources.

#### (17) RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$600 during the year ended June 30, 2009.

#### (18) POST-EMPLOYMENT BENEFITS

All full-time employees who retire or become disabled are offered the following post-employment benefit options:

Health insurance - For employees wishing to voluntarily retire prior to the age of 65 who are a minimum of 55 years of age at the time of retirement; have at least 20 years of service with the City; and wish to remain on the City employee health insurance plan, the City will assist the employee with the cost of single coverage health insurance until the retiree reaches the age of 65, according to a schedule based upon length of continued regular full-time service to the City.

For months of service not totaling a full year, the percentage amount of single coverage paid by the City will be prorated by full month. The City will also provide \$2,000 in life insurance coverage until age 65. Dental and vision coverage can be continued at the expense of the employee.

After the retiree reaches the age of 65, any dependent the retiree has covered under the City employee health plan may continue his/her coverage under the City's plan for three more years, or until the dependent reaches the age of 65, whichever occurs first. The retiree is responsible for expenses related to the policy.

Life insurance - The option of converting the employee's City-paid policy from term insurance to whole life insurance at the individual's expense with the City's life insurance carrier.



## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(18) POST-EMPLOYMENT BENEFITS - CONTINUED**

Long-term disability - The option of converting the employee's City-paid group policy to a personal policy at the individual's expense with the City's long-term disability insurance carrier.

The above options, while at the individual's own expense, are included within the City's overall insurance package. Therefore, a portion of the above coverage is being subsidized by the City and its current employees, which results in an implicit subsidy and an OPEB liability.

There are 104 active and 2 retired/disabled members in the plan. Participants must be age 55 or older at retirement.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go-basis. The most recent active member monthly premiums for the City and plan members are \$372 for single coverage and \$1,009 for family coverage per month. The same monthly premiums apply to retirees. For the year ended June 30, 2009, the City contributed \$1,026,247 to the plan.

The City has entered into an agreement with the City Manager which formally identifies the financial obligation of the City to them in the event of an involuntary employment termination. The severance agreement provides for a termination payment equal to six months wages plus six months of benefits. The compensation rate is based upon the compensation paid to the applicable employee at the time of termination.

#### **(19) - SUBSEQUENT EVENTS**

In November, 2009, the City approved issuance of \$11,840,000 of general obligation bonds to fund a variety of City projects. The City also entered into construction contracts in excess of \$1,224,000 for various capital projects.

The City has evaluated all subsequent events through January 4, 2010, the date the financial statements were available to be issued.

## **Required Supplementary Information**

**CITY OF CLIVE**

Required Supplementary Information  
Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Receipts:							
Property tax	\$ 9,878,639	\$ -	\$ -	\$9,878,639	\$ 9,949,007	\$ 9,949,007	\$ (70,368)
Tax increment financing collections	3,352,396	-	-	3,352,396	3,456,509	2,456,509	895,887
Other City tax	1,022,475	-	-	1,022,475	901,864	901,864	120,611
Licenses and permits	386,665	-	-	386,665	580,710	586,710	(200,045)
Uses of money and property	299,494	-	-	299,494	767,208	780,208	(480,714)
Intergovernmental	1,735,198	-	-	1,735,198	1,259,650	1,329,650	405,548
Charges for service	2,006,195	5,578,051	-	7,584,246	8,184,135	8,315,135	(730,889)
Special assessments	17,218	-	-	17,218	10,647	10,647	6,571
Miscellaneous	518,824	44,248	-	563,072	488,000	488,000	75,072
Total receipts	19,217,104	5,622,299	-	24,839,403	25,597,730	24,817,730	21,673
Disbursements:							
Public safety	5,179,087	-	-	5,179,087	5,284,682	5,369,182	190,095
Public works	2,357,353	-	-	2,357,353	2,667,851	2,795,751	438,398
Health and social services	13,422	-	-	13,422	19,765	19,765	6,343
Culture and recreation	3,383,011	-	-	3,383,011	3,327,876	3,401,876	18,865
Community and economic development	2,760,221	-	-	2,760,221	2,364,472	2,502,972	(257,249)
General government	2,071,307	-	-	2,071,307	2,378,049	2,413,549	342,242
Debt service	4,785,709	-	-	4,785,709	4,596,604	4,596,604	(189,105)
Capital projects	4,976,673	-	-	4,976,673	16,133,000	16,133,000	11,156,327
Business type activities	-	3,283,897	-	3,283,897	3,695,400	3,695,400	411,503
Total disbursements	25,526,783	3,283,897	-	28,810,680	40,467,699	40,928,099	12,117,419
Excess (deficiency) of receipts over (under) disbursements	(6,309,679)	2,338,402	-	(3,971,277)	(14,869,969)	(16,110,369)	12,139,092
Other financing sources (uses), net	2,181,396	(2,163,516)	(22,241)	(4,361)	11,882,000	11,831,000	(11,835,361)
Excess (deficiency) of receipts over (under) disbursements and other financing sources (uses):	(4,128,283)	174,886	(22,241)	(3,975,638)	(2,987,969)	(4,279,369)	303,731
Balances beginning of year	21,905,997	3,626,869	(304,953)	25,227,913	27,226,347	27,226,347	(1,998,434)
Balances end of year	<u>\$17,777,714</u>	<u>\$ 3,801,755</u>	<u>\$(327,194)</u>	<u>\$21,252,275</u>	<u>\$ 24,238,378</u>	<u>\$ 22,946,978</u>	<u>\$ (1,694,703)</u>

See accompanying independent auditor's notes.

## **CITY OF CLIVE**

### **Required Supplemental Information**

#### **Notes To Required Supplementary Information - Budgetary Reporting**

**June 30, 2009**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$460,400. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the debt service and community and economic development functions.

### **Other Supplementary Information**

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2009

	Special Revenue				
	Road Use Tax	Forfeitures	Park Donations	Library	Total
Receipts:					
Intergovernmental	\$1,171,948	\$ -	\$ -	\$ -	\$1,171,948
Miscellaneous	-	14,342	-	7,951	22,293
Total receipts	1,171,948	14,342	-	7,951	1,194,241
Disbursements:					
Operating:					
Public safety	-	7,302	-	-	7,302
Public works	1,170,369	-	-	-	1,170,369
Culture and recreation	-	-	-	8,013	8,013
Total disbursements	1,170,369	7,302	-	8,013	1,185,684
Excess (deficiency) of receipts over (under) disbursements	1,579	7,040	-	(62)	8,557
Other financing (uses):					
Operating transfers out	(105,000)	-	-	-	(105,000)
Total other financing uses	(105,000)	-	-	-	(105,000)
Net change in cash balances	(103,421)	7,040	-	(62)	(96,443)
Cash balances beginning of year	363,592	49,924	2,651	2,421	418,588
Cash balances end of year	<u>\$ 260,171</u>	<u>\$ 56,964</u>	<u>\$ 2,651</u>	<u>\$ 2,359</u>	<u>\$ 322,145</u>
<b>Cash Basis Fund Balances</b>					
Unreserved:					
Special revenue funds	<u>\$ 260,171</u>	<u>\$ 56,964</u>	<u>\$ 2,651</u>	<u>\$ 2,359</u>	<u>\$ 322,145</u>
Total cash basis fund balances	<u>\$ 260,171</u>	<u>\$ 56,964</u>	<u>\$ 2,651</u>	<u>\$ 2,359</u>	<u>\$ 322,145</u>

See accompanying independent auditor's notes.

## CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2009

	Storm Water	Water Utility Deposits	Total
Operating receipts:			
Charges for service	\$ 479,888	\$ 33,882	\$ 513,770
Total operating receipts	479,888	33,882	513,770
Operating disbursements:			
Business type activities	202,908	27,626	230,534
Total operating disbursements	202,908	27,626	230,534
Excess of operating receipts over operating disbursements	276,980	6,256	283,236
Non-operating receipts (disbursements)			
Miscellaneous	4,800	76	4,876
Total non-operating disbursements	4,800	76	4,876
Excess of receipts over disbursements	281,780	6,332	288,112
Transfers:			
Operating transfers in	-	-	-
Operating transfers out	(97,000)	-	(97,000)
Net transfers	(97,000)	-	(97,000)
Net change in cash balances	184,780	6,332	191,112
Cash balances beginning of year	279,739	212,845	492,584
Cash balances end of year	\$ 464,519	\$ 219,177	\$ 683,696
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	-	-	-
Unreserved	464,519	219,177	683,696
Total cash basis fund balances	\$ 464,519	\$ 219,177	\$ 683,696

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds

As of and for the year ended June 30, 2009

	Hickman Rd Signal Int	Fiber Optics	PW Property Acquisition	Hickman Trail Crossing	Flood Alert	Foam Trailer	Dymond Public Safety	Verona Hills Trail	Park Master	114 <sup>th</sup> St. Park	Aquatics Trail Connect	Stonegate Park	Campbell Rec Area
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,678	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	-	-	-	-	52,556	-	-	8,684	17,481
Fees	-	-	13,995	-	-	-	-	-	-	-	-	-	-
	-	-	13,995	-	-	-	-	-	52,556	-	-	8,684	17,481
Total receipts	-	-	13,995	-	-	-	-	-	52,556	-	2,678	8,684	17,481
Disbursements:	-	-	3,835	91,049	-	1,900	155,485	11,353	64,237	-	-	22,446	-
Excess (deficiency) of receipts over (under) disbursements	-	-	10,160	(91,049)	-	(1,900)	(155,485)	(11,353)	(11,681)	-	2,678	(13,762)	17,481
Other financing sources (uses):													
Operating transfers in	-	-	-	40,000	-	153	2,000	99,076	28,000	-	-	8,500	-
Operating transfers (out)	(29,515)	-	(1,742,047)	-	-	-	-	-	-	(2,144)	-	(6,975)	(89,353)
	(29,515)	-	(1,742,047)	40,000	-	153	2,000	99,076	28,000	(2,144)	-	1,525	(89,353)
Net change in cash balances	(29,515)	-	(1,731,887)	(51,049)	-	(1,747)	(153,485)	87,723	16,319	(2,144)	2,678	(12,237)	(71,872)
Cash balances beginning of year	29,515	3,497	1,829,470	76,284	34,000	1,747	190,298	5,200	-	2,144	138,110	12,237	71,872
Cash balances end of year: unreserved	\$ -	\$ 3,497	\$ 97,583	\$ 25,235	\$ 34,000	\$ -	\$ 36,813	\$ 92,923	\$ 16,319	\$ -	\$ 140,788	\$ -	\$ -

See accompanying independent auditor’s report.



CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2009

	Alice's Road Park	Karp Park	86 <sup>th</sup> Street Playground	Trail Paving	Welcome Sign	Benchmarks	Com Rec Center	New Library	West W Tower Paint	Road Water Main	Reg Storm W	Sewer Rehab	Radio Read Meter System
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 1,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	1,735	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	1,839	-	-	1,735	-	-	-	-	-	-	-	-
Disbursements:	2,300	300,247	-	1,868	19,032	3,894	-	7,213	1,104	-	32,740	98,125	50,598
Excess (deficiency) of receipts over (under) disbursements	(2,300)	(298,408)	-	(1,868)	(17,297)	(3,894)	-	(7,213)	(1,104)	-	(32,740)	(98,125)	(50,598)
Other financing sources (uses):													
Operating transfers in	14,943	75,172	-	-	20,000	-	-	-	88,948	-	-	100,000	110,000
Operating transfers (out)	-	-	(14,943)	-	-	(99,076)	-	-	-	(175,836)	-	-	-
	14,943	75,172	(14,943)	-	20,000	(99,076)	-	-	88,948	(175,836)	-	100,000	110,000
Net change in cash balances	12,643	(223,236)	(14,943)	(1,868)	2,703	(102,970)	-	(7,213)	87,844	(175,836)	(32,740)	1,875	59,402
Cash balances beginning of year	-	209,969	14,943	102,953	19,032	102,970	43,613	30,662	-	175,836	-	81,531	157,939
Cash balances end of year: unreserved	\$ 12,643	\$ (13,267)	\$ -	\$ 101,085	\$ 21,735	\$ -	\$ 43,613	\$ 23,449	\$ 87,844	\$ -	\$ (32,740)	\$ 83,406	\$ 217,341

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2009

	Sewer Cntrl Plant	Clive/ USSD Joint Sewer	North Water Tower	Boston Parkway Round	100 <sup>th</sup> & Hickman Inter	Douglas Avenue	Ladco/ DOT Project	NW 128 <sup>th</sup> Pave Phase III	Woodlands Parkway Pave	111 <sup>th</sup> & Hickman Intersection	Univ Ave Wide @ I-35	NW 86 <sup>th</sup> Revitaliz	Campus Dr./ Mercy Prop.
Receipts:													
Use of money and property:													
Interest on investments	\$ 46,670	\$ -	\$ -	\$ -	\$ -	\$ 4,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,732	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	428,369	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	720	-	-	-	-	-	-	-	-	-
Fees	30,367	-	-	-	-	-	-	-	33,303	-	-	-	-
	30,367	-	-	720	-	-	-	-	33,303	-	-	-	-
Total receipts	77,037	-	-	720	-	4,453	-	-	33,303	-	-	571,101	-
Disbursements:	-	-	-	57,687	-	-	-	154,591	-	511	-	3,819,690	46,344
Excess (deficiency) of receipts over (under) disbursements	77,037	-	-	(56,967)	-	4,453	-	(154,591)	33,303	(511)	-	(3,248,589)	(46,344)
Other financing sources (uses):													
Operating transfers in	62,815	-	-	1,068,000	-	-	-	-	-	617,256	-	2,073,870	250,000
Operating transfers (out)	(175,000)	-	(88,948)	-	-	-	-	(1,126,870)	-	-	(566,421)	(250,000)	-
	(112,185)	-	(88,948)	1,068,000	-	-	-	(1,126,870)	-	617,256	(566,421)	1,823,870	250,000
Net change in cash balances	(35,148)	-	(88,948)	1,011,033	-	4,453	-	(1,281,461)	33,303	616,745	(566,421)	(1,424,719)	203,656
Cash balances beginning of year	2,404,375	74,088	88,948	92,524	75,690	229,724	12,543	1,281,461	-	6,300	566,421	7,219,219	(160,402)
Cash balances end of year: unreserved	\$ 2,369,227	\$ 74,088	\$ -	\$ 1,103,557	\$ 75,690	\$ 234,177	\$ 12,543	\$ -	\$ 33,303	\$ 623,045	\$ -	\$ 5,794,500	\$ 43,254

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2009

	Municipal Centre	Information System	Development Planning	Council Chamber AV	New City Logo	Signal Light	114 <sup>th</sup> & Forest	Emerald Isle/ McNabb	128 <sup>th</sup>	156 <sup>th</sup> St Paving	Intrafund Transfers Elimination	Total
Receipts:												
Use of money and property:												
Interest on investments	\$ 1,583	\$ 380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,335
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	428,369
Special assessments	-	-	-	-	-	-	-	4,953	11,803	462	-	17,218
Miscellaneous:												
Refunds and reimbursements	-	-	-	-	-	-	-	-	-	-	-	81,176
Fees	-	-	3,711	-	-	-	-	-	-	-	-	81,376
	-	-	3,711	-	-	-	-	-	-	-	-	162,552
Total receipts	1,583	380	3,711	-	-	-	-	4,953	11,803	462	-	808,474
Disbursements:	51	3,326	-	-	27,047	-	-	-	-	-	-	4,976,673
Excess (deficiency) of receipts over (under) disbursements	1,532	(2,946)	3,711	-	(27,047)	-	-	4,953	11,803	462	-	(4,168,199)
Other financing sources (uses):												
Operating transfers in	72,000	9,000	-	-	27,047	-	-	-	-	-	(4,467,128)	299,652
Operating transfers (out)	-	-	-	(119,903)	-	(422)	-	-	(6,779)	(486)	4,467,128	(27,590)
	72,000	9,000	-	(119,903)	27,047	(422)	-	-	(6,779)	(486)	-	272,062
Net change in cash balances	73,532	6,054	3,711	(119,903)	-	(422)	-	4,953	5,024	(24)	-	(3,896,137)
Cash balances beginning of year	85,725	21,206	-	119,903	-	422	(3)	4,970	26,686	486	-	15,484,108
Cash balances end of year: unreserved	\$ 159,257	\$ 27,260	\$ 3,711	\$ -	\$ -	\$ -	\$ (3)	\$ 9,923	\$ 31,710	\$ 462	\$ -	\$ 11,587,971

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Indebtedness

Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General obligation bonds:									
Refunding	Dec 1, 1997	4.70%	\$ 1,640,000	\$ 350,000	\$ -	\$ 170,000	\$ 180,000	\$ 16,280	\$ -
Essential corporate purpose	Sep 1, 2001	4.50 - 5.00	4,950,000	3,575,000	-	265,000	3,310,000	169,329	-
Essential corporate purpose	Dec 1, 2002	3.50 - 5.00	1,575,000	1,125,000	-	100,000	1,025,000	48,102	-
Urban renewal	Jul 1, 2002	3.62 - 4.80	3,000,000	2,420,000	-	125,000	2,295,000	103,264	-
Essential corporate purpose	Dec 1, 2003	2.85 - 3.90	2,665,000	1,975,000	-	175,000	1,800,000	68,043	-
Essential corporate purpose	Oct 1, 2004	3.25 - 3.95	2,330,000	1,885,000	-	180,000	1,705,000	67,850	-
Refunding	Mar 1, 2005	2.60	1,970,000	125,000	-	125,000	-	3,250	-
Essential corporate purpose	Aug 1, 2005	3.50 - 4.20	14,255,000	13,710,000	-	925,000	12,785,000	536,175	-
Urban renewal	Mar 1, 2006	3.50 - 4.25	9,190,000	8,690,000	-	305,000	8,385,000	339,631	-
Essential corporate purpose	Mar 1, 2006	3.50 - 4.00	930,000	750,000	-	50,000	700,000	27,975	-
Essential corporate purpose	Dec 19, 2006	3.75 - 3.90	1,235,000	1,135,000	-	100,000	1,035,000	42,860	-
Refunding	Mar 4, 2008	3.00	2,685,000	2,685,000	-	485,000	2,200,000	246,062	-
Urban renewal	Jun 2, 2008	2.30 - 3.85	7,200,000	7,200,000	-	-	7,200,000	100,016	-
Total				\$45,625,000	\$ -	\$ 3,005,000	\$42,620,000	\$ 1,768,837	\$ -
Loans:									
Iowa Department of Management	Jun 1, 2019	2.00%	\$ 33,333	\$ 6,934	\$ -	\$ 6,934	\$ -	\$ 138	\$ -
City of West Des Moines	Sep 28, 1992	3.975%	940,000	211,500	-	47,000	164,500	7,825	-
Total				\$ 218,434	\$ -	\$ 53,934	\$ 164,500	\$ 7,963	\$ -

See accompanying independent auditor’s report.

CITY OF CLIVE

Bond Maturities

June 30, 2009

Year Ending June 30,	General Obligation Bonds													
	Essential Corporate Purpose		Essential Corporate Purpose		Essential Corporate Purpose		Essential Corporate Purpose		Urban Renewal Street Improvement		Essential Corporate Purpose		Essential Corporate Purpose	
	Issued December 1, 2003		Issued December 1, 2002		Issued September 1, 2001		Issued December 1, 1997		Issued July 1, 2002		Issued October 1, 2004		Issued August 2005	
	Interest		Interest		Interest		Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2010	2.85%	\$ 130,000	3.50%	\$ 100,000	4.50 %	\$ 280,000	4.70%	\$ 180,000	3.62%	\$ 135,000	3.25%	\$ 185,000	3.50 %	\$ 960,000
2011	3.15	185,000	3.70	100,000	4.625	295,000	-	-	3.75	140,000	3.50	195,000	3.50	995,000
2012	3.35	190,000	3.90	100,000	4.50	300,000	-	-	3.85	145,000	3.60	200,000	4.00	1,030,000
2013	3.45	195,000	4.00	100,000	4.60	220,000	-	-	4.00	150,000	3.60	205,000	4.00	1,065,000
2014	3.50	205,000	4.20	65,000	4.70	235,000	-	-	4.10	160,000	3.60	215,000	4.00	1,105,000
2015	3.60	210,000	4.40	70,000	4.75	245,000	-	-	4.15	165,000	3.70	225,000	4.00	1,150,000
2016	3.70	220,000	4.60	75,000	4.75	255,000	-	-	4.25	170,000	3.80	235,000	4.00	1,195,000
2017	3.80	230,000	4.75	75,000	4.80	270,000	-	-	4.35	180,000	3.95	245,000	4.00	1,245,000
2018	3.90	235,000	4.85	80,000	4.85	280,000	-	-	4.45	190,000	-	-	4.00	1,290,000
2019	-	-	5.00	85,000	4.90	295,000	-	-	4.55	200,000	-	-	4.125	1,350,000
2020	-	-	5.00	85,000	5.00	310,000	-	-	4.65	210,000	-	-	4.20	1,400,000
2021	-	-	5.00	90,000	5.00	325,000	-	-	4.70	220,000	-	-	-	-
2022	-	-	-	-	-	-	-	-	4.80	230,000	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$1,800,000</u>		<u>\$1,025,000</u>		<u>\$3,310,000</u>		<u>\$ 180,000</u>		<u>\$2,295 ,000</u>		<u>\$ 1,705,000</u>		<u>\$12,785,000</u>

See accompanying independent auditor’s report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2009

June 30,	General Obligation Bonds										Total
	Urban Renewal		Essential		Essential		Refunding		Urban Renewal		
	Street Improvement		Corporate Purpose		Corporate Purpose		Notes		Corporate Purpose		
	Issued March 1, 2006		Issued March 1, 2006		Issued December 19, 2006		Issued March 4, 2008		Issued June 2, 2008		
	Interest		Interest		Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
2010	3.50 %	\$ 355,000	3.50%	\$ 100,000	3.75%	\$ 110,000	3.00%	\$ 520,000	2.30 %	\$ 300,000	\$ 3,355,000
2011	3.50	530,000	3.60	100,000	3.75	115,000	3.00	540,000	2.60	300,000	3,495,000
2012	3.60	555,000	3.70	100,000	3.75	120,000	3.00	365,000	2.85	300,000	3,405,000
2013	3.65	575,000	3.75	100,000	3.75	125,000	3.00	380,000	3.00	680,000	3,795,000
2014	3.75	600,000	3.80	100,000	3.75	130,000	3.00	395,000	3.50	710,000	3,920,000
2015	4.00	625,000	3.90	100,000	3.75	140,000	-	-	3.50	735,000	3,665,000
2016	4.00	650,000	4.00	100,000	3.80	145,000	-	-	3.50	765,000	3,810,000
2017	4.00	680,000	-	-	3.90	150,000	-	-	3.50	800,000	3,875,000
2018	4.00	705,000	-	-	-	-	-	-	3.625	830,000	3,610,000
2019	4.00	735,000	-	-	-	-	-	-	3.75	870,000	3,535,000
2020	4.10	770,000	-	-	-	-	-	-	3.85	910,000	3,685,000
2021	4.125	375,000	-	-	-	-	-	-	-	-	1,010,000
2022	4.15	395,000	-	-	-	-	-	-	-	-	625,000
2023	4.20	410,000	-	-	-	-	-	-	-	-	410,000
2024	4.25	425,000	-	-	-	-	-	-	-	-	425,000
Total		<u>\$8,385,000</u>		<u>\$ 700,000</u>		<u>\$ 1,035,000</u>		<u>\$2,200,000</u>		<u>\$7,200,000</u>	<u>\$42,620,000</u>

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Fund Types

For the Years ended

	June 30,						
	2009	2008	2007	2006	2005	2004	2003
Receipts:							
Property and other city tax	\$10,901,114	\$10,134,801	\$ 9,444,344	\$ 8,718,445	\$ 8,512,617	\$ 8,166,807	\$ 7,935,596
Tax increment financing collections	3,352,396	2,983,901	3,453,154	3,274,847	2,693,206	1,745,504	1,520,177
Licenses and permits	386,665	642,007	701,116	666,935	452,787	459,969	471,596
Use of money and property	299,494	888,704	1,437,986	846,498	370,451	276,445	283,524
Intergovernmental	1,735,198	1,970,336	1,580,906	1,497,564	4,709,376	1,161,110	1,226,520
Charges for services	2,006,195	1,838,629	1,810,794	1,864,912	1,442,860	1,019,304	702,112
Special assessments	17,218	24,130	85,247	540,605	137,366	169,976	471,230
Miscellaneous	518,824	477,432	558,247	1,135,221	327,805	1,505,355	878,123
Total	<u>\$19,217,104</u>	<u>\$18,959,940</u>	<u>\$19,071,794</u>	<u>\$18,545,027</u>	<u>\$18,646,468</u>	<u>\$14,504,470</u>	<u>\$13,488,878</u>
Disbursements:							
Operating:							
Public safety	\$ 5,179,087	\$ 5,041,841	\$ 4,932,578	\$ 4,502,577	\$ 4,245,956	\$ 3,605,032	\$ 3,414,723
Public works	2,357,353	2,183,794	2,122,473	1,886,408	1,707,988	1,435,145	1,281,472
Health and social services	13,422	6,488	6,088	17,584	25,369	18,807	23,842
Culture and recreation	3,383,011	2,973,047	2,997,471	2,740,642	2,606,883	1,989,581	1,666,934
Community and economic development	2,760,221	2,607,552	3,304,955	3,130,035	5,141,749	2,159,455	2,125,341
General government	2,071,307	2,011,843	1,706,232	1,681,614	1,593,672	1,505,804	1,123,128
Debt service	4,785,709	7,343,549	3,597,458	2,482,859	2,175,511	2,890,141	2,626,186
Capital projects	4,976,673	6,667,267	7,310,584	2,758,290	6,554,904	3,712,751	7,861,657
Total	<u>\$25,526,783</u>	<u>\$28,835,381</u>	<u>\$25,977,839</u>	<u>\$19,200,009</u>	<u>\$24,052,032</u>	<u>\$17,316,716</u>	<u>\$20,123,283</u>

See accompanying independent auditor’s report.

## CITY OF CLIVE

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency Pass-Through Number	Program Expenditures
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-A-6-4(145)-86-77	\$ 330,680
	20.205	STP-A-1425(614)-86-77	900,000
	20.205	HDP-1425(611)-71-77	192,861
U.S. Department of Transportation:			
Governor's Traffic Safety Bureau			
State and Community Highway Safety	20.600	PAP 08-04, TASK02	5,826
U.S. Department of Homeland Security:			
Iowa Department of Public Defense			
Disaster Grants - Public Assistance	97.036	DR-1763	70,015
Direct:			
U.S. Department of Agriculture:			
Emergency Watershed Protection	10.923	DSR8362-014	24,555
U.S. Department of Justice:			
Bulletproof Vest Partnership	16.607	2009BUBX08044150	<u>1,043</u>
Total			<u><u>\$1,524,980</u></u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Clive and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.





# MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
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## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated January 4, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Clive's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Clive's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Clive's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Clive's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Clive's financial statements that is more than inconsequential will not be prevented or detected by the City of Clive's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Clive's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe item II-A-09 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Clive's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Clive's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clive during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
January 4, 2010



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### **Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Honorable Mayor and  
Members of the City Council:

#### **Compliance**

We have audited the compliance of the City of Clive, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The City of Clive's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Clive's management. Our responsibility is to express an opinion on the City of Clive's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clive's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Clive's compliance with those requirements.

In our opinion, the City of Clive complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

#### **Internal Control Over Compliance**

The management of the City of Clive is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Clive's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Clive's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
January 4, 2010

## **CITY OF CLIVE**

### **Schedule of Findings**

Year ended June 30, 2009

#### **Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting is disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Clive did not qualify as a low-risk auditee.

**CITY OF CLIVE**

Schedule of Findings - Continued

Year ended June 30, 2009

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCY:**

No matters were noted.

**CITY OF CLIVE**

Schedule of Findings - Continued

Year ended June 30, 2009

**Part III: Findings for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCY:**

No matters were noted.

## CITY OF CLIVE

### Schedule of Findings - Continued

Year ended June 30, 2009

#### **Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the community and economic development and the debt service functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation." In addition, the amount budgeted for capital projects significantly exceeded actual costs.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the applicable function budget and budgeted functions that will exceed actual results during the year should also be amended to reduce the budgeted amounts.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

- IV-B-09 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- IV-C-09 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- IV-D-09 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows.

Name, Title, and Business Connection	Transaction Description	Amount
Dennis Evans, Police Officer	Police Equipment Change Over and Setup	\$ 600

In accordance with Chapter 362.5(10) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since the transactions with the police officer was less than \$1,500 during the year.

- IV-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- IV-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

- IV-G-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.